were extremely well managed and financed, and although it still does a most useful work for the community, its earning power has suffered considerably. But this is only an extreme example of a system which is reasonable enough if it is not carried too far. The Canadian Pacific Railway, for instance, has for many years adopted a very moderate use of this system, making new issues to its shareholders on terms rather cheaper than it could have obtained by a public issue, but not giving away enough to impair its future seriously in order to make presents to the existing stockholders by this means. By the continued making of small presents to their constituents the directors of the company have obtained the support of a very loyal body of stockholders, who feel that they are being well treated but not pampered. This system of granting a small bonus to existing shareholders on occasions when the company has to issue new capital is one which is quite unobjectionable as long as it is not abused. If, owing to the use of it, the directors are encouraged to finance themselves badly, that is to say, to pay out of new capital for improvements and extensions which a more prudent policy would have financed out of earnings, just because they find that these issues carrying a small bonus makes them popular with the stockholders, then the system is being abused. Otherwise there seems no

reason to object to a measure which keeps the shareholders happy and does not do any harm to the concern so long as it is worked in moderation.

Finally, there is a Bonus share or stock which